

MEMORANDUM FOR: Director of Central Intelligence

THRU: Deputy Director/Intelligence

SUBJECT: Comments on report entitled, "Oil Developments in the Soviet Bloc, 1948-1955."

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1. In response to your request of 10 July 1956 to [REDACTED] we have reviewed the attached report entitled, "Oil Developments in the Soviet Bloc, 1948-1955."

2. We find that the report adds very little to our knowledge of the Sino-Soviet Bloc petroleum economy. In addition, the report contains data which are in conflict with information from sources we consider to be reliable. These conflicts vary in degree from minor differences in production statistics for crude oil in Bloc countries, excluding China, to a complete misconception of the petroleum situation in China.

3. The following discrepancies are noteworthy:

a. Reports of reliable observers and accepted Communist sources do not confirm the existence of certain refineries and the routes of certain pipelines shown in Viewgraphs 2, 5, and 6.

b. The report indicates that the 1955 crude oil production in China was 11,000 barrels per day (bpd) comprised of 19,000 bpd of natural crude oil and 14,000 bpd of shale oil. The Chinese Communists have announced that the 1955 crude oil production - including both natural and synthetic crude oil - was about 19,000 bpd. The report describes China's 1957 crude oil production goal as 30,000 bpd whereas the Chinese Communists have announced a goal of about 40,000 bpd. The report apparently does not recognize the Chinese practice of including both natural and synthetic crude oil under the general category of "crude oil." The report states that China's demand for petroleum in 1955 was 100,000 bpd; there is no prospect of reconciling this figure with the 40,000 bpd estimated by CIA and JIB().

c. Although the annual totals shown for Bloc petroleum exports to the Free World are in general agreement with ours, the breakdown by individual Free World country is in conflict with State Department and CIA estimates. Information available to us also indicates that in 1955 the USSR, not Rumania, was the principal supplier of Bloc petroleum exports to the Free World.

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4. The report contains some information not hitherto available to us. In view of the discrepancies contained elsewhere in the report, we cannot accept this information without confirmation.

OTTO E. GUTHR
Assistant Director
Research and Reports

Enclosure:
Oil Developments in the Soviet Bloc, 1948-1955

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M/P/RR: [REDACTED] sub/2513 (16 July 1956)

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